

1

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

13 JORDAN RICHARD, individually and on) CASE NO. CV 15-7767-R
behalf of all those similarly situated; JIM)
14 OLESON, individually, and on behalf of all) ORDER GRANTING PLAINTIFFS'
those similarly situated.) MOTION TO REMAND

16 || Plaintiffs

17 |

18 SYSTEMS APPLICATION &
19 TECHNOLOGIES, INC., a corporation;
20 CARDINAL POINT CAPTAINS, INC.; and
DOES 1 through 100, inclusive;

Defendants

24 Before the Court is Plaintiffs' Motion to Remand, which was filed on November 2, 2015.
25 (Dkt. No. 17). This Court took the matter under submission on November 30, 2015.

26 A defendant may remove a civil action from state court to federal court if original
27 jurisdiction would have existed in the federal court at the time the complaint was filed. 28 U.S.C.

1 § 1441(a). The Ninth Circuit “strictly construe[s] the removal statute against removal jurisdiction.
 2 *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992). The strong presumption against removal
 3 jurisdiction means that the defendant always has the burden of establishing that removal is proper.
 4 *Id.* Accordingly, federal jurisdiction must be rejected if there is any doubt as to the right of
 5 removal in the first instance. *Id.*

6 Federal question jurisdiction is governed by the “well-pleaded complaint rule.” Under that
 7 principle, subject matter jurisdiction is proper only when a federal question appears on the face of
 8 a complaint. *See, e.g., Caterpillar Inc. v. Williams*, 482 U.S. 386, 392 (1987). As a result, a
 9 defendant cannot remove solely “on the basis of a federal defense, including the defense of pre-
 10 emption, even if the defense is anticipated in the plaintiff’s complaint, and even if both parties
 11 concede that the federal defense is the only question truly at issue” in the case. *Id.* at 393.

12 There is a limited exception to this rule. “The Supreme Court has concluded that the
 13 preemptive force of some statutes is so strong that they ‘completely preempt’ an area of state law.
 14 In such cases, any claim purportedly based on that preempted state law is considered, from its
 15 inception, a federal claim, and therefore arises under federal law.” *Balcorta v. Twentieth Century-*
 16 *Fox Film Corp.*, 208 F.3d 1102, 1107 (9th Cir. 2000) (quoting *Metro. Life Ins. Co. v. Taylor*, 481
 17 U.S. 58, 65 (1987)). “[O]n government contract matters having to do with national security, state
 18 law is totally displaced by federal common law. Where the federal interest requires that the rule
 19 must be uniform throughout the country . . . then the entire body of state law applicable to the area
 20 conflicts and is replaced by federal rules.” *New SD, Inc. v. Rockwell Intern. Corp.*, 79 F.3d 953,
 21 955 (9th Cir. 1996) (citations omitted) (internal quotation marks omitted) (explaining that state
 22 law is preempted where federal interests are *directly* implicated in the particular dispute). Even
 23 where a uniquely federal interest exists however, “[d]isplacement [of state law] will occur only
 24 where . . . a significant conflict exists between an identifiable federal policy or interest and the
 25 [operation] of state law.” *Boyle v. United Techs. Corp.*, 487 U.S. 500, 507 (1988) (citations
 26 omitted) (internal quotation marks omitted).

27 While the present case does implicate projects between the Defendants and the
 28 Government in the general sense, the actual relevant issues to be litigated do not involve matters

1 of national security, or any other identifiable federal interest or policy. Plaintiffs bring a claim
2 solely based on California wage and hour employment law. Defendants have not demonstrated
3 that the Federal Government has any interest in the resolution of this dispute. While higher end
4 labor costs could conceivably impact the market price of Defendants' services, this particular
5 contract between the Federal Government and Defendants has cost cap protections which limit the
6 maximum financial obligations of the Federal Government for Defendants' services—regardless
7 of how the issues here are resolved. Defendants have also already agreed to follow California
8 wage and hour employment laws in its interaction with proposed class members and in their own
9 employee handbook materials. The fact that the Navy is the end customer of Defendants' service
10 contracts does not insulate Defendants from all potential state law liability. As the burden to
11 remove a case rests with the removing party, and Defendants have failed to establish how the
12 enforcement of California labor laws would impact national security or any other interests of the
13 federal government such that the limited preemption exception to the well-pleaded complaint rule
14 could apply, this Court necessarily must remand this matter to the state court.

15 **IT IS HEREBY ORDERED** that Plaintiffs' Motion to Remand is GRANTED. (Dkt. No.
16 17).

17 **IT IS FUTHER ORDERED** that Defendants' Motion to Dismiss is MOOT. (Dkt. No.
18 21).

19 Dated: December 14, 2015.

Brad

**MANUEL L. REAL
UNITED STATES DISTRICT JUDGE**